



April 24, 2021

Update from Ranking Member Blaine Luetkemeyer: Biden's Tax Increases, Backbreaking Policy for Small Businesses

Following a year of unprecedented state and local government shutdowns and regulations, and hampered demand due to COVID-19, small businesses are collectively starting to recover. With states opening and vaccines being distributed, the nation's job creators are eagerly anticipating a return to operation without excessive government overreach.

However, just as America's small business economy is starting to trend in a positive manner and small businesses regain their footing from COVID-19 lockdowns, the nation's smallest firms are facing the next Biden overreach – **Tax Increases**.

Biden's Waste and Tax Plan Shatters Hopes of Small Business Recovery

- President Biden has pledged to **REPEAL** the Trump administration's **Pro-Business Tax Cuts and Jobs Act (TCJA)**
 - The Trump administration's lower taxes and reduced regulatory environment generated a small business economy that was filled with optimism and confidence
 - Small business owners were investing in their employees, their companies, and their communities
 - As a result, the nation saw historic levels of unemployment and job creation
 - Repealing the TCJA is a **direct assault on small business** and will crush their efforts to expand and hire
- President Biden has proposed **RAISING** the corporate tax rate on **ONE MILLION AMERICAN SMALL BUSINESSES**
 - One million American small businesses are structured as a C corporation
 - 55 percent of C corporations have five or fewer employees and 85 percent of C corporations have 20 or fewer employees
 - Raising the corporate tax rate will **send jobs overseas, increase utility prices, and cut paychecks for workers**
 - The global average corporate tax rate is 23.5 percent and China's corporate tax rate is 25 percent
 - Under President Biden's proposed increase to a 28 percent, corporate tax rate small business manufacturers will be **at a grave disadvantage to China** and other offshore manufacturers
 - From decreasing wages to higher utility prices, an increase in the corporate tax rate will be **backbreaking to small businesses** and harmful to workers who will see a reduction in their paychecks and net income



- **The elimination of the twenty percent deduction for pass-throughs will SHUTTER SMALL BUSINESS GROWTH**
 - Any changes to marginal tax rates will **discourage growth and innovation** and will adversely impact the numerous small businesses categorized as pass-through entities
 - Despite deceiving claims that President Biden will not raise taxes on individuals making under \$400,000, most American businesses file as individuals and could be seriously harmed by these tax increases
 - 95 percent of all business tax returns filed were from pass-through entities such as sole proprietorships, partnerships, LLCs, and S corporations
 - Higher rates will force small business owners to reconsider expanding their restaurant, investing in new manufacturing equipment, or hiring an additional craftsman to grow their business
- **Increasing death taxes will CRUSH FAMILY BUSINESSES AND FARMERS**
 - Eliminating the step-up in basis and requiring capital gains at the time of death **threatens the future of family businesses** and will **penalize hardworking small businesses, farmers, and ranchers** when they pass down their businesses to family members
 - These changes pose a **direct threat to the American Dream**